

POPULAR ANNUAL FINANCIAL REPORT

Richard A. Mallonn II • Auditor, City of Canton



For The Year Ended December 31, 2016

CITY OF CANTON

CITY OFFICIALS

City Auditor

Richard A Mallonn II

Phone (330) 489-3226

Council Members

Phone (330) 489-3223

Allen Schulman, President

**James Babcock
Tom Harmon
Bill Smuckler
David Dougherty
Kevin Fisher
Jason Scaglione**

**Gregory Hawk
Edmond Mack
John Mariol II
Frank Morris
Chris Smith
Thomas West**

Mayor

Thomas M. Bernabei

Phone (330) 489-4300

City Treasurer

Kim R Perez

Phone (330) 489-7900

Law Director

Joseph Martuccio

Phone (330) 489-4335

Clerk of Courts

Phil Giavasis

Phone (330) 489-4267

Municipal Court Judges

Mary A. Falvey

Richard J. Kubilus

John J. Poulos

J. Curtis Werren

Phone (330) 489-4200

City of Canton, Ohio

Popular Annual

Financial Report

For the Year Ended December 31, 2016

Richard A Mallonn II
City Auditor

Prepared by the City Auditor's Office

Message from the Auditor

It is with great pleasure and a desire to make our finances easier to understand, that we present the City of Canton Popular Annual Financial Report (PAFR) for the year ending December 31, 2016. I would like to thank the Citizens of Canton for allowing me the opportunity to provide these services for them.

As City Auditor, I feel my primary responsibility is to assure the integrity of the City's financial system. I am responsible for assuring all expenditures are made in accordance with all applicable federal, state, and local laws. As auditor and a former member of City Council, I have seen the benefit of timely financial information especially in the volatile economic times the City presently finds itself in. I feel this (PAFR) provides City Council, administrators, employees and our citizens the tools necessary to effectively communicate our financial conditions as we move forward.

The Popular Annual Financial Report is a project for which we encourage and ask for your continued support. Any individual with questions, comments and/or suggestions regarding this report is encouraged to contact my office at (330) 489-3226.

Thank you



Richard A Mallonn II
Auditor, City of Canton

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August 15, 2017



Citizens of the City of Canton, Ohio

We are pleased to present the City of Canton, Ohio's Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2016. This report provides an analysis of the financial position of the City, where the revenues come from to operate the City and where those same dollars are spent. Above all else, our goal is to better communicate the results of financial operations from the City in a more easily understandable report.

The PAFR is intended to summarize the financial activities of the City of Canton and was drawn from the financial information appearing in the 2016 Comprehensive Annual Financial Report (CAFR). The financial statements appearing in the CAFR were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by Julian & Grube, Inc. receiving an unqualified (or clean) opinion. The numbers within the CAFR were arrived at by employing accrual and modified accrual accounting techniques as prescribed by the Governmental Accounting Standards Board (GASB). The financial information presented in the CAFR goes into much greater detail on the City's financial status at the end of 2016. Among other things, it provides greater detail on the individual funds the City uses and presents information on where the City is going in the future. For readers wishing to obtain a complete copy of the City's CAFR contact the Auditor's Office at 218 Cleveland SW, Canton, Ohio 44702, (330) 489-3226. A complete version of the CAFR and PAFR is available on the City's website www.cantonohio.gov.

Canton's PAFR is un-audited and presented on a GAAP basis consistent with the rules defined by GASB. The major differences between GAAP and non-GAAP reporting deals with the presentation of segregated funds as well as full disclosure of all material financial and non-financial events in notes to the financial statements. Since the amounts in the PAFR are drawn from the larger CAFR, the method of accounting employed is the same except where noted within the report. The statements contained on pages ten and eleven, as well as references to the individual amounts on all intervening pages, contain all funds used by the City to account for its financial affairs as well as comparative statements from 2015 unless otherwise noted within the report. Citizens who desire to review audited GAAP basis, full disclosure financial statements, or information on the City's component unit (which is not included in this document) should refer to the City's audited financial statements, which is contained in the CAFR and available from the City's Auditor's Office.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Canton for its Popular Annual Financial Report for the fiscal year ended December 31, 2015. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

The Popular Annual Financial Report of the City of Canton, Ohio is presented as a means of increasing public awareness of the operations for the City. Citizens deserve accountability for the use of their tax dollars and this report is designed to provide a vehicle for a better understanding of the City's finances. We are proud to serve the citizens of Canton and consider this report to be a notable achievement as we seek to increase the level of accountability offered to our taxpayers. We urge your support of this project and appreciate your taking the time to review its contents. Do not hesitate to contact us with any question or comments at (330) 489-3226.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard A. Mallonn II".

Richard A Mallonn II
City Auditor
City of Canton, Ohio



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Canton
Ohio**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Jeffrey R. Emer
Executive Director/CEO

CITY BACKGROUND

The City of Canton is located in, and is the County Seat of, Stark County in northeastern Ohio, approximately 58 miles southeast of Cleveland, 23 miles south of Akron, and 94 miles west of Pittsburgh, Pennsylvania. It was incorporated as village in 1828, and became a city in 1854. The City's 2015 population of 71,323 placed it as the largest city in the County and the eighth largest in the State.

The City provides its residents with police protection, fire protection, street maintenance and repairs, building inspection, and parks and recreation with revenue derived primarily from taxes and small amounts of revenue generated from user fees. The City owns and operates its own water, sewer, and sanitation departments, which are funded solely through user fees.

The City has portions of four school districts within its corporation limits, the largest of which being Canton City Schools. The Canton City School District has one high school, five middle school academies and thirteen elementary schools. The City also has one four-year college, Malone University, located entirely within its corporate limits and has numerous colleges within commuting distance.

The City is home to numerous businesses, which have a large impact on the local economy, including the Timken Steel, Republic Engineered Products, and Fresh Mark Inc. The City is probably best known for being the home of the Professional Football Hall of Fame and the week-long celebration that goes on during the annual enshrinement ceremony.

The City is served by two acute care hospitals, Aultman Hospital with 532 beds and Mercy Medical Center with 329 beds. City residents also have access to one Interstate highway, two U.S. highways, four state routes, a regional bus service, and a regional airport is located within the county.



2014 Pro-Football HOF Art revealed in
Downtown-Canton, OH



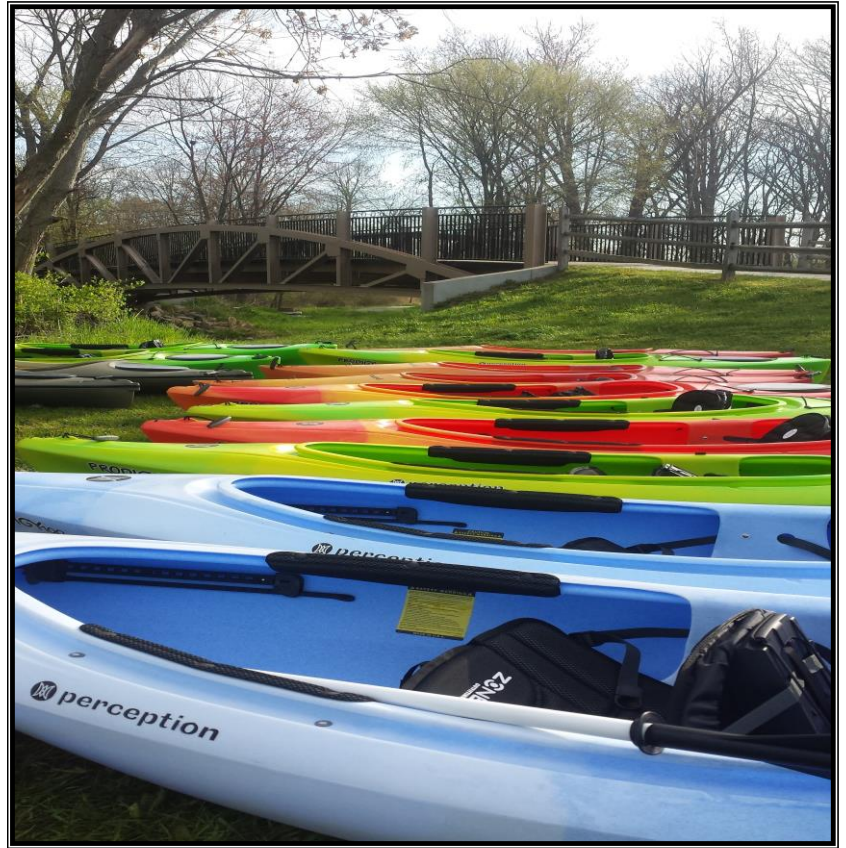
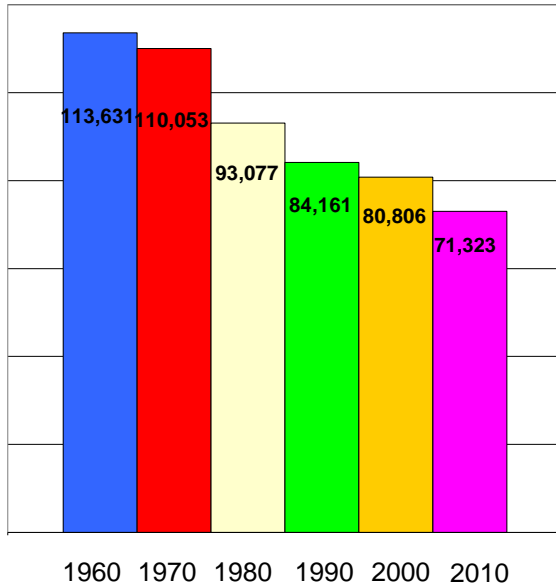
2015 Pro-Football HOF Art revealed in
Downtown-Canton Art District

City of Canton

For the Year Ended December 31, 2016

TOTAL POPULATION BY DECADE

Source: U.S. Census Bureau



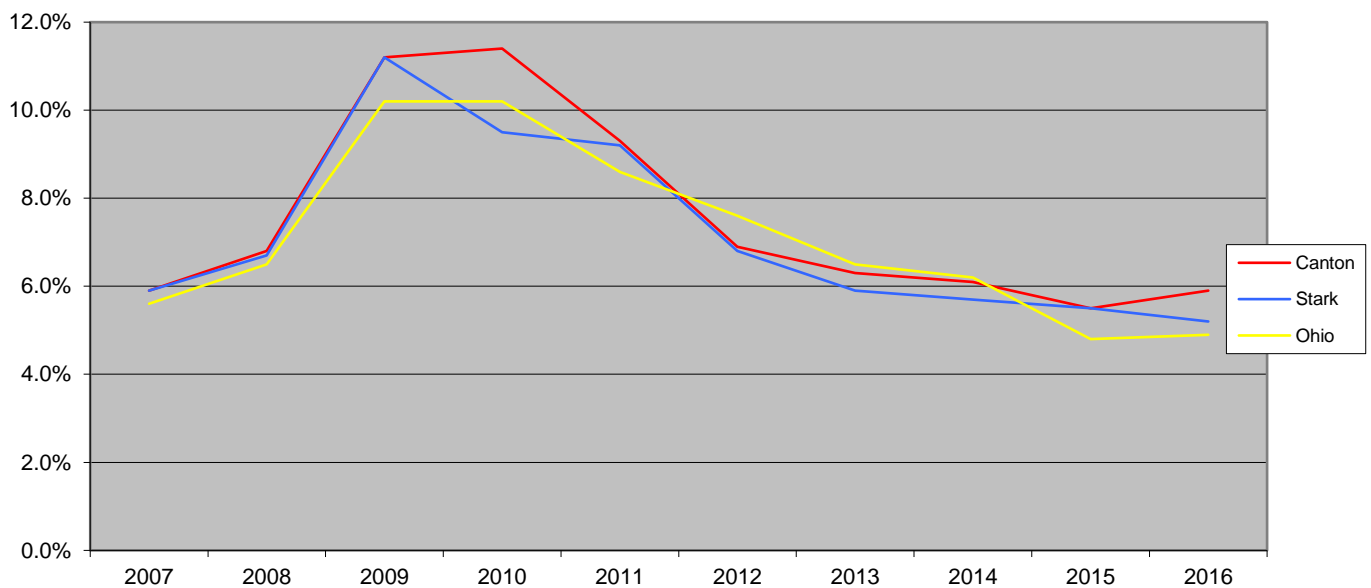
Kayaking through Canton Parks. Assisted by Canton City Park Levy

City of Canton

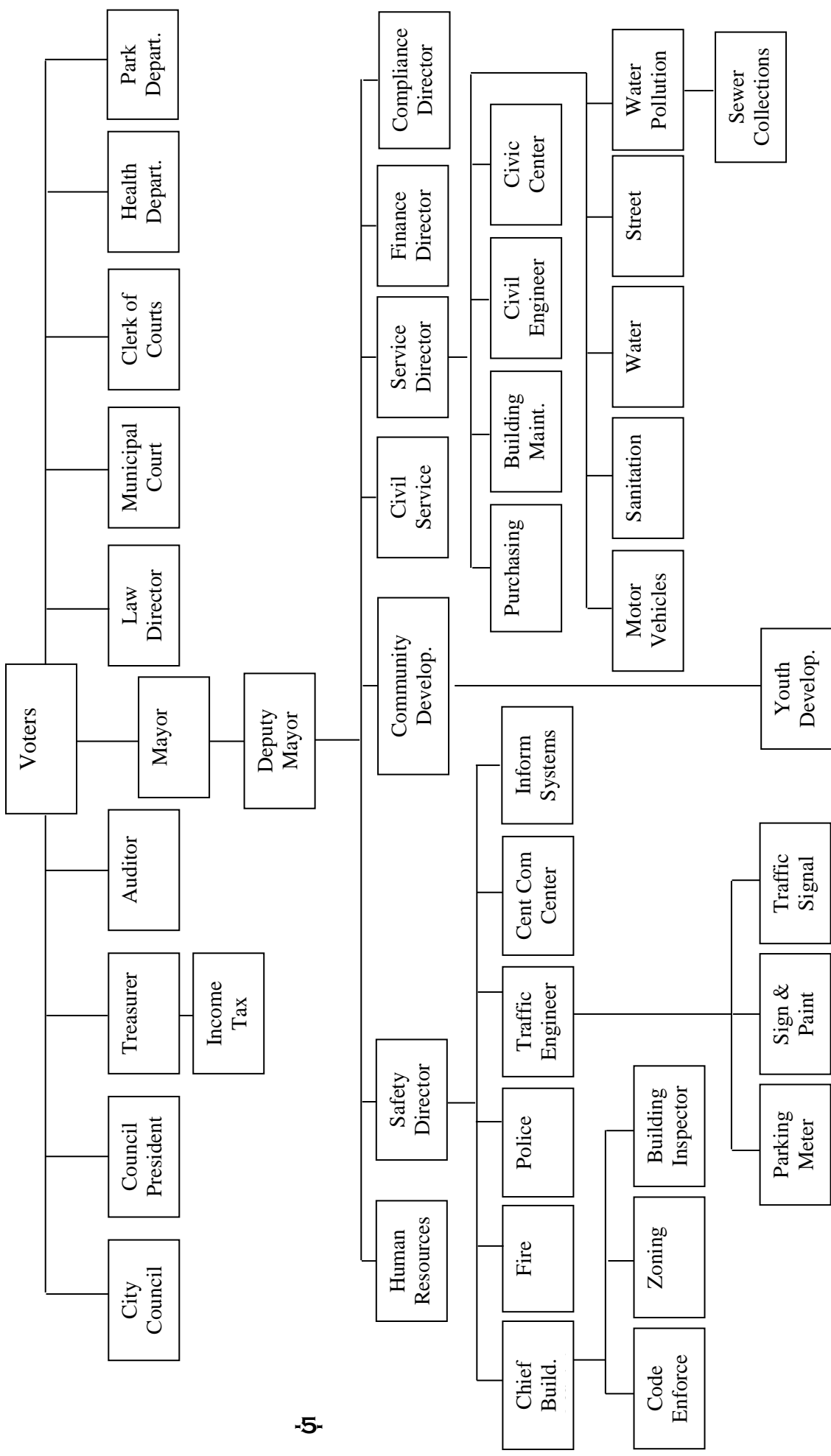
For the Year Ended December 31, 2016

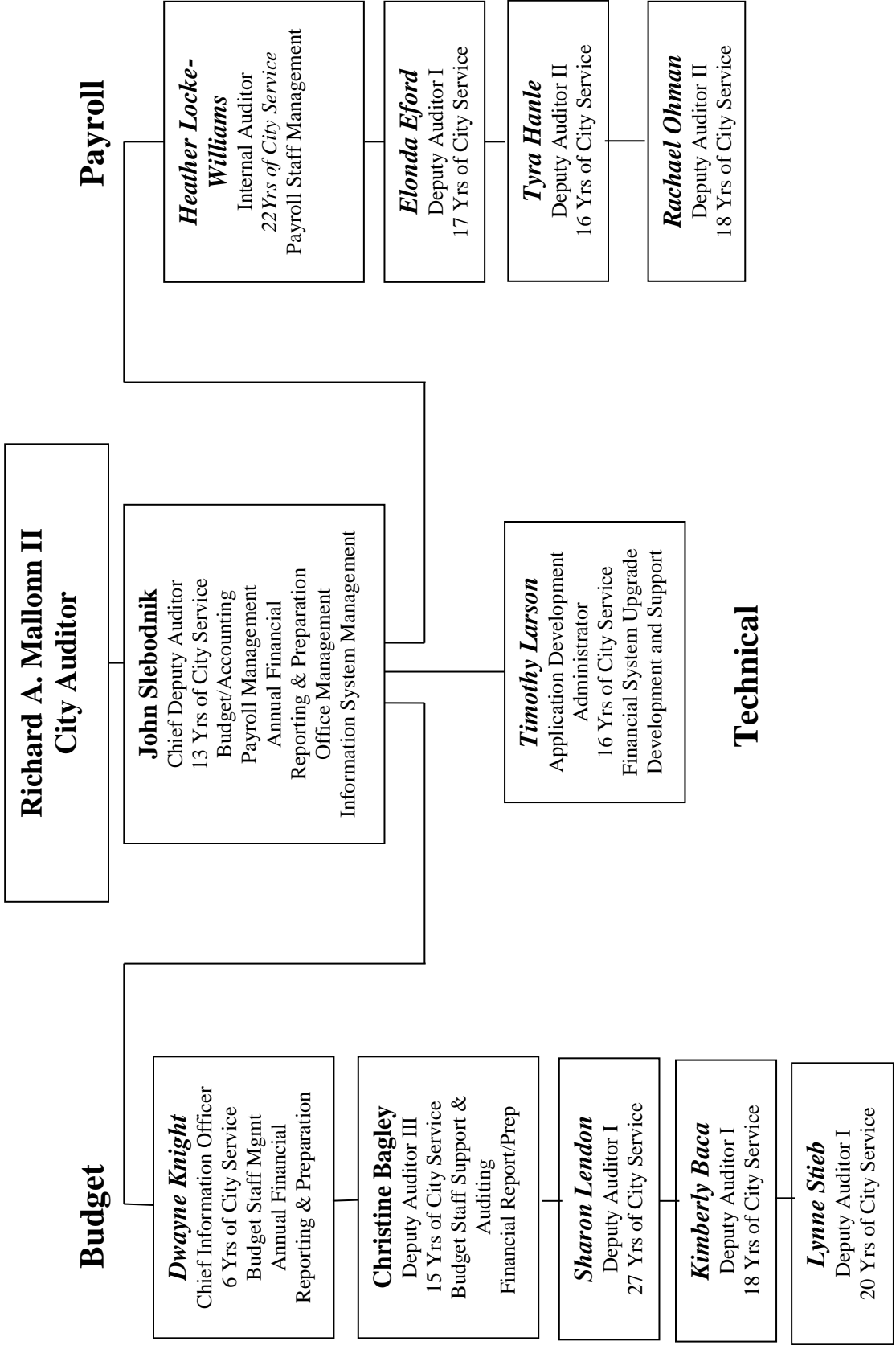
CITY, COUNTY, AND STATE AVERAGE UNEMPLOYMENT RATES

Source: U.S. Department of Labor



City of Canton Organizational Chart



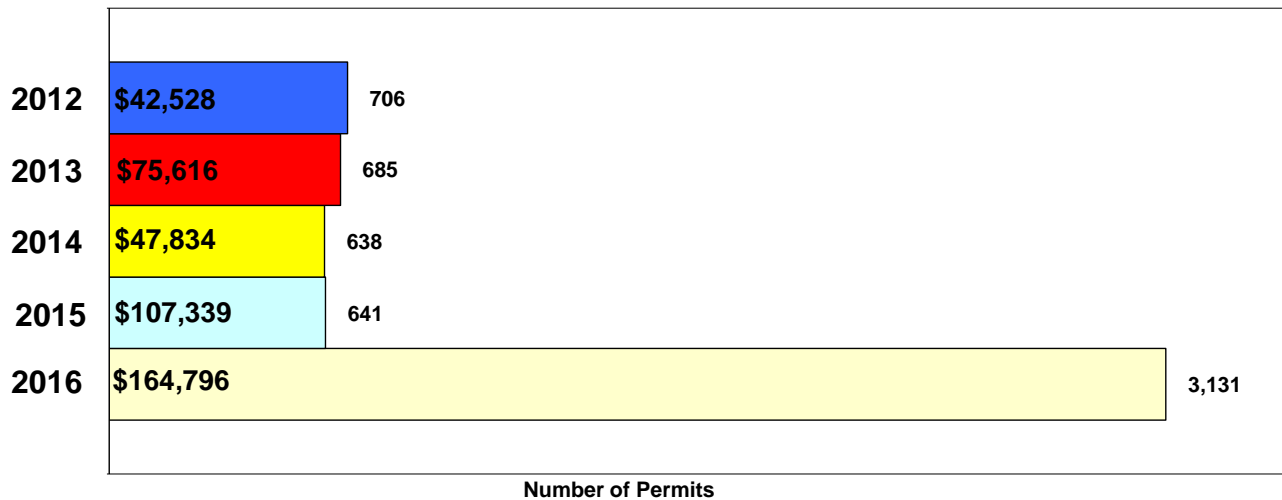


City of Canton

For the Year Ended December 31, 2016

PROPERTY VALUES & CONSTRUCTION PERMITS

Source: City of Canton Building Dept. and Stark County Auditor's Office



Represented in the graph above, is the total number of building permits issued since 2012, with the value of the projects for that year.



**Onesto Lofts – Canton, Ohio – In the Heart of the Arts and Business District
(Former Onesto Hotel)**

City of Canton

For the Year Ended December 31, 2016

PRIMARY PROPERTY TAXPAYERS

Source: Stark County Auditor's Office

	Value of Property
Ohio Power Company	\$ 47,711,180
AEP Transmission Company	8,987,970
East Ohio Gas	4,323,090
Timken Steel Corp **	3,868,370
Canton Business Park II LLC	3,806,880
Wal Mart Real Estate Business Trust	3,436,990
Wal;-Mart Stores East LP	3,422,120
West Tusc Property Management LLC	3,153,220
Fresh Mark Inc **	3,128,600
Bre Retail Residential Owner 6 LLC	1,943,260
Total	\$ 83,781,680

**Top Ten Employers

ASSESSED PROPERTY VALUES WITH NET CHANGE

Source: Stark County Auditor's Office

	Total City Assessed Property Values	Percentage Change
2007	\$ 1,055,242,673	
2008	\$ 993,257,116	-5.87%
2009	\$ 941,498,070	-5.21%
2010	\$ 875,505,940	-7.01%
2011	\$ 866,458,270	-1.03%
2012	\$ 736,006,480	-15.06%
2013	\$ 718,153,090	-2.43%
2014	\$ 724,159,330	0.84%
2015	\$ 729,432,210	0.73%
2016	\$ 735,200,820	0.79%

City of Canton

For the Year Ended December 31, 2016

PRINCIPAL EMPLOYERS

Employer	Nature of Activity	Employees	Percentage of Total City Employment
Aultman Hospital	Health Services	5,000	15.95%
Stark County	Government	2,577	8.22%
Mercy Medical	Health Services	2,550	8.13%
Timken Steel	Steel	2,500	7.97%
Canton City Schools	Education	1,077	3.44%
City of Canton	Municipal Government	906	2.89%
Fresh Mark Inc	Meat-processing	866	2.76%
MK Morse Co.	Saw Blade and Accessories	439	1.40%
Republic Engineer	Hot-rolled and cold finisher steel bars and specialty steel	440	1.40%
Nationwide	Insurance Provider	320	1.02%
Total		16,675	53.19%
Estimated Total Employment within the City		31,349	

City of Canton

For the Year Ended December 31, 2016

UTILITY OPERATIONS

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>
Operating Revenue	\$ 17,077,822	\$ 14,905,867	\$ 5,871,308
Nonoperating Revenue	1,219	9,090	47,971
Total Revenue	17,079,041	14,914,957	5,919,279
Operating Expenses	13,518,493	12,143,023	6,760,008
Nonoperating Expenses	880,171	99,130	-
Total Expenses	14,398,664	12,242,153	6,760,008
Net Revenues Over/ (Under) Expenses	\$ 2,680,377	\$ 2,672,804	\$ (840,729)

The operating results for the Water, Sewer, and Refuse Departments for the year ending December 31, 2016 are presented on a full accrual GAAP basis.

Revenue

Operating Revenue – This is revenue generated directly from the services provided by each department.

Nonoperating Revenue – This is revenue the department receives that is not generated by providing services. An example is money gained or (lost) from selling an old piece of equipment.

Expenses

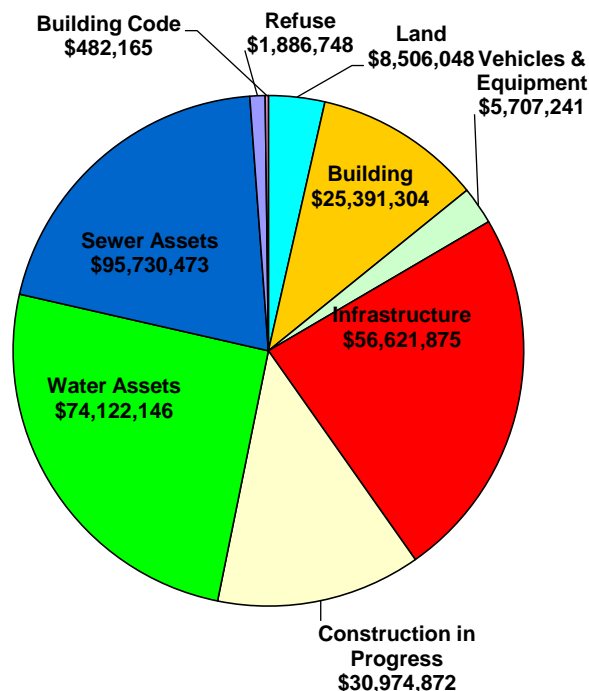
Operating Expenses – These are costs incurred by the department to provide a service.

Nonoperating Expenses – These are costs that are not created as a result of generating a service. An example is interest expenses incurred on long-term debt.

City of Canton

For the Year Ended December 31, 2016

TOTAL CAPITAL ASSETS (shown net of depreciation)



City of Canton

For the Year Ended December 31, 2016

STATEMENT OF NET POSITION (in millions)

	Governmental Activities	
	2016	2015
Assets		
Cash	\$ 21.0	\$ 21.2
Receivables	30.9	30.7
Capital Assets, Net	127.2	123.9
Total Assets	\$ 179.1	\$ 175.8
Deferred outflow of resources	\$24.6	9.9
Liabilities		
Current and Other Liabilities	\$ 17.9	\$ 18.4
Due Within One Year	6.5	8.0
Long-Term Liabilities:		
Due Within More Than One Year	98.9	80.4
Total Liabilities	123.3	106.8
Deferred Inflows of Resources	6.1	5.2
Net Position	\$ 74.3	\$ 73.7

The Statement of Net Position, also known as the "Government Wide Statement", reports assets (items available to provide services) against liabilities (amounts for which the City must pay in the future) and equity (the net value of the City's assets after liabilities are subtracted). The Statement of Net Position reflects only Governmental Activities not Business-Type Activities (Water, Sewer, Refuse and Building Code) or the City's component unit. Governmental Activities accounts for most of the City's basic services like police, fire, mayor, capital improvement, vehicle acquisition, parks and recreation. Income taxes, property taxes, undivided local government, ambulance user fees and federal grants finance most of these activities. All numbers are reported on a full GAAP accounting basis and are compliant with GASB standards with one exception. Unrestricted and Restricted Net Assets were combined into one category called "Net Assets" in order to make the statement easier to read. The amounts shown employ the same method of accounting as and were

Assets

Cash – Cash represents how much actual cash the City has in its bank accounts at year-end.

Receivables – Receivables are the amounts of money owed to the City from outside entities, whether they are businesses or other governments. Receivables are expected to be collected within the following year.

Capital Assets – Capital Assets are items that can be used for several years. This category includes things such as vehicles, buildings, land, traffic lights, roads, and storm sewers.

Liabilities

Current and Other Liabilities – This amount represents what the City owes to other entities. Portions are owed to businesses, other governments, and the City's own employees. This amount is expected to be paid off within a year.

Long-Term Liabilities – Long-Term Liabilities is the amount of money the city has borrowed by issuing tax-exempt bonds for various construction projects and now must pay back over time. The portion labeled Due Within One Year will be paid off next year. The remaining portion (Due Within More Than One Year) will be paid off over several years. See page 15 for more details about debt.

Deferred Outflows and Inflows of Resources arise when a consumption of net position as that applies to a future period and will not be recognized as an outflow (expense/expenditure) until then and deferred inflows arise when assets are recognized before revenue recognition criteria have been satisfied.

Net Assets

Net Assets – Net Assets are basically what you would have left if you had to use all of your assorted assets to payoff your liabilities.

ANALYTICAL ANALYSIS

The charts on page 10 and 11 shows the City's financial position from 2015 to 2016. In 2016, the City saw a decrease in its net position of over \$0.6 million dollars which is an improvement from the 2015 \$62.10 million decrease. The main cause of the 2016 can be seen in the chart on page 10, which shows only slight decreases in most categories with a small increase in Capital Assets, Net. The impact of GASB Statement No. 68 for Net Pension Liability Disclosures negative effect in the prior year is no longer a huge impact this time around. The City's average yearly unemployment rate increase from 5.5% in 2015 to 5.9% in 2016, compared to a slight decrease in the County's rate and slight increase in the State's rate. The resulting increase of \$1.2 million in the 2016 Net Position occurred as a result of a \$1.1 million increase in Total Revenues and a \$2.2 million decrease in Total Program Expenses as seen on page 11. This table detailing program expenses demonstrates the City has decrease budget spending with the largest being in Community Development of \$5.3 million.

City of Canton

For the Year Ended December 31, 2016

STATEMENT OF ACTIVITIES

(in millions)

	Governmental Activities	
	2016	2015
Revenues		
Program Revenues:		
Charges for Services	\$ 11.1	\$ 14.0
Operating Grants and Contributions	16.6	9.8
Capital Grants and Contributions	11.4	13.9
Total Program Revenues	39.1	37.7
General Revenues:		
City Income Taxes	44.4	45.0
Property Taxes	4.9	4.5
Intergovernmental	6.7	6.8
Interest and Investment Earnings	0.5	0.4
Other	4.0	4.1
Total General Revenues	60.5	60.8
Total Revenues	\$ 99.6	\$ 98.5
Expenses		
Program Expenses:		
General Government	\$ 21.4	\$ 20.8
Security of Persons and Property	45.3	42.9
Public Health	6.6	6.2
Transportation	14.2	14.5
Community Development	6.8	12.1
Leisure Time Activities	3.7	3.4
Economic Develop	-	0.3
Interest on Long-Term Debt	0.4	0.4
Total Program Expenses	98.4	100.6
Increase(Decrease) in Net Position	\$ 1.2	\$ (2.1)

The Statement of Activities, also known as an "Income Statement", reflects how much money the city collected (revenue) versus how much it spent (expenses). In 2016, the City spent \$1.2 million less than it received. The Statement of Activities reflects only Governmental Activities not Business-Type Activities (Water, Sewer, and Refuse) or the City's component unit. All numbers are reported on a full GAAP accounting basis and are compliant with GASB standards. The amounts shown employ the same method of accounting as and were summarized in the audited financial statements within the 2016 CAFR

Revenues

(For a description of what program revenue and non-program revenue is see page 12.)

City Income Taxes – Represents how much money the City collects its 2% income tax on the gross wages of individuals living in or working within its corporate limits. The same 2% is imposed upon the net profits earned by businesses within the City.

Property Taxes – This is how much money the City collects during the year through taxes placed on properties located within the City.

Intergovernmental – This is how much money the City received from other governments such as the county, state, or federal government. The largest intergovernmental revenue is "Local Government" money, which is the City's share of state taxes.

Grants and Contributions – This is money given to the City that is to be used for a specific purpose. The City receives grant money from the state government, federal government, and even private citizens. In order to receive the money, the City must agree to spend the money according to whatever guidelines the contributors setup.

Interest and Investment Earnings – This is the amount of interest the City receives on money it has in its various bank accounts.

Other – This accounts for miscellaneous receipts and reimbursements the City receives throughout the year.

Expenses

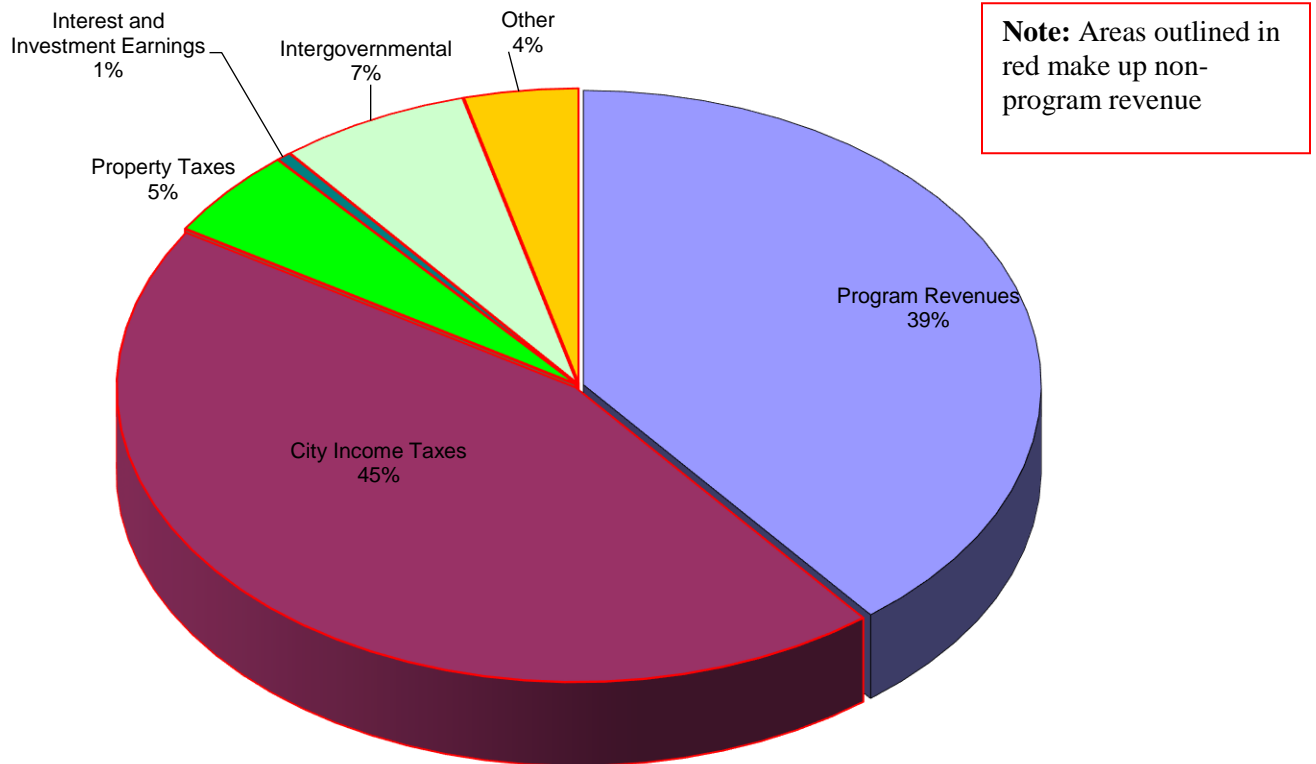
For an explanation of what makes up the expense line items see page 13.

City of Canton

For the Year Ended December 31, 2016

REVENUE BREAKDOWN

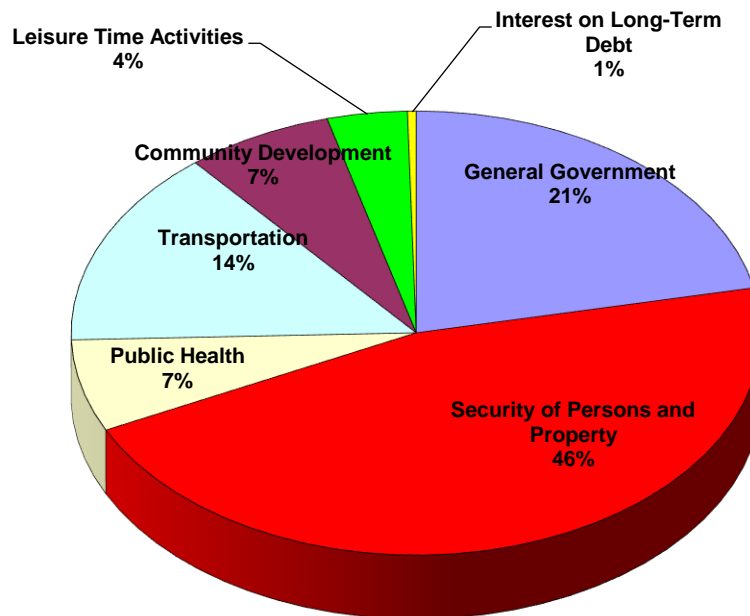
Accounting rules dictate how governments report income or revenue. All income that a government brings in is broken into two categories, program revenue and non-program revenue. Program revenues are any monies a government earns as a charge for a direct service it provides. For example, the City of Canton operates several parking lots and two parking decks. The City charges a flat fee to park in city owned parking facilities. Non-program revenues are monies that the city receives without providing the person paying the money with a direct service. An example of non-program revenues would be the City's 2% percent income tax. Monies the City receive, from the tax, funds several services including Police and Fire Protection, but there is not a direct charge for a direct service relationship. Notice that only 38% of the City's revenue can be labeled program revenue with the rest being non-program revenue, and that slightly under half the City's total revenue comes from income taxes.



City of Canton

For the Year Ended December 31, 2016

EXPENSE BREAKDOWN



EXPENSE CATEGORY DESCRIPTION

The following departments make up the expense categories listed above:

General Government – Included in this category are expenditures for the Mayor’s Office, Service Director, Human Resources, Youth Development, Civil Service Board, Zoning Board, Building Maintenance, Motor Vehicle Department, Information Systems Department, City Council, Municipal Court Judges, Clerk of Courts Office, Auditor’s Office, Law Department, Treasurer’s Office, and Income Tax Office.

Security of Persons and Property – Included in this category are expenditures for the Safety Director, School Crossing Guards, Central Communication System (911 Dispatch Center), Traffic Engineers and Parking Meters, Police Department, and Fire Department.

Public Health – Included in this category are expenditures for the Health Department, which includes nurses, labs, and environmental health administration.

Transportation – Included in this category are expenditures for the Civil Engineers and Street Department.

Community Development – Included in this category are expenditures for the Community and Economic Development Department.

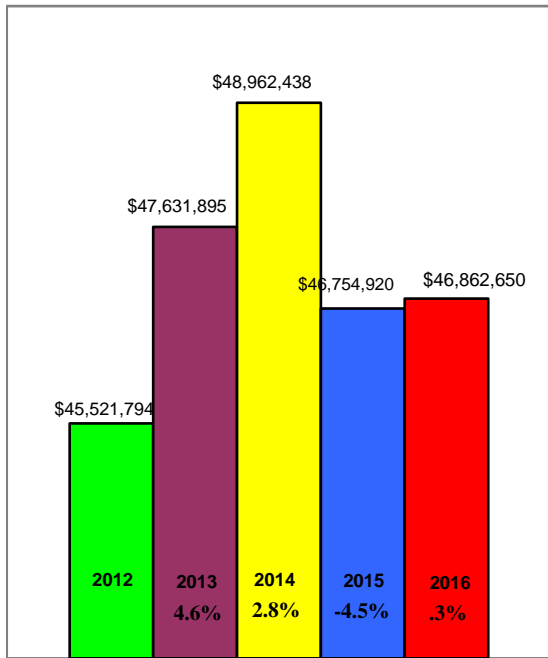
Leisure Time Activities – Included in this category are expenditures for the Park Department, Munson Baseball Stadium and the Civic Center.

Interest on Long Term Debt – Included in this category are interest payments on the City’s outstanding debt.

City of Canton

For the Year Ended December 31, 2016

INCOME TAX COLLECTION ANALYSIS (CASH BASIS)



Percentages denote of change from one year to the next

The City of Canton Income Tax is the City's primary source of revenue. City voters approved a tax increase in 1984 to 2%. Currently anyone living or working within the City limits is subject to this tax. The City allows credit for taxes paid to other municipalities. Revenue generated from the City's income tax goes to one of four funds. The first fund, the City Income Tax Fund, gets just enough money to cover the cost of operating the City Income Tax Dept. and to cover the cost of refunds. The amount of money left after the Income Tax Fund gets its share is split three ways with the General Fund getting 75%, the Capital Projects Fund getting 20%, and the Motor Vehicle Fund getting 5%. Each of these funds, as with all City funds, has an expressed purpose and any money in these funds can only be spent according to that purpose. The General Fund has the broadest purpose of all City funds. The General Fund pays for the majority of the City's basic operating expenses. General Fund monies is what enables the City to provide its residents with safety forces, service workers, parks and recreation, and many other basic services its citizens rely on.

Consequently, the General Fund's primary expense is employee

Fund expenses are for salaries and fringes for everyone from the Mayor to the average police officer on the street. The Capital Projects Fund pays for construction projects, major building renovations, and some pieces of equipment. Arguably the single most visible use of Capital Project dollars is street improvement projects. The Capital Project Fund pays for the materials, contractor costs, and the salaries of City employees associated with such projects. The Motor Vehicle Fund can be used to acquire, make lease payments on, or maintain City vehicles and radio communication equipment. The chart below as well as the two charts and graph on the facing page illustrate how the fund balance of three of the four funds most directly affected by the City's income tax have changed over the last five years.

City of Canton

For the Year Ended December 31, 2016

GENERAL FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis)

General Fund	2012	2013	2014	2015	2016
Beginning Fund Balance	\$ 6,291,527	\$ 9,063,230	\$ 8,384,814	\$ 6,080,171	\$ (3,224,056)
Revenue	57,174,121	54,657,817	58,595,735	57,956,163	58,590,663
Expenditures	54,343,425	55,296,233	60,900,378	67,180,390	57,140,106
Gain (Loss)	2,830,696	(638,416)	(2,304,643)	(9,224,227)	1,450,557
Other Financing	(58,993)	(40,000)	-	(80,000)	(40,000)
Ending Fund Balance	\$ 9,063,230	\$ 8,384,814	\$ 6,080,171	\$ (3,224,056)	\$ (1,813,499)

City of Canton

For the Year Ended December 31, 2016

CAPITAL PROJECTS FUND OPERATIONS ANALYSIS

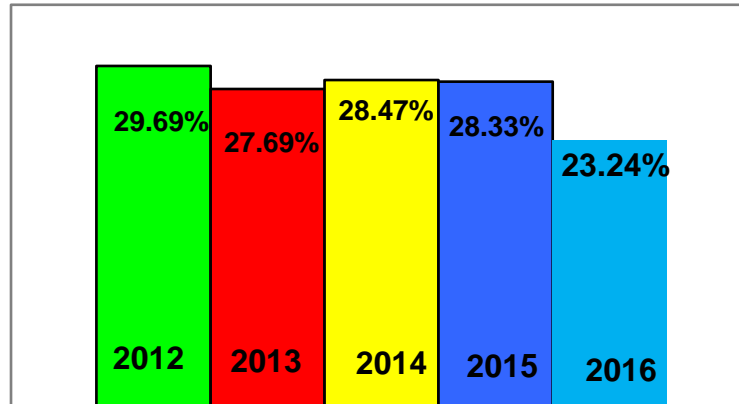
(Numbers presented on Modified Basis)

Capital Projects Fund

	2012	2013	2014	2015	2016
Beginning Fund Balance	\$ 3,518,301	\$ 3,504,912	\$ 3,237,333	\$ 3,403,839	\$ 3,291,692
Revenue	8,674,626	8,977,902	9,239,748	8,890,356	8,560,503
Expenditures	<u>8,707,524</u>	<u>9,254,700</u>	<u>9,085,056</u>	<u>9,116,915</u>	<u>8,047,737</u>
Gain (Loss)	(32,898)	(276,798)	154,692	(226,559)	512,766
Other Financing	19,509	9,219	11,814	114,412	1,422
Ending Fund Balance	<u>\$ 3,504,912</u>	<u>\$ 3,237,333</u>	<u>\$ 3,403,839</u>	<u>\$ 3,291,692</u>	<u>\$ 3,805,880</u>

When the City cannot afford to completely pay for a project up front, it takes out debt to finance it. Since the Capital Project Fund is supposed to pay for such projects, it takes on the responsibility of making debt payments when a project is financed. The graph below represents the percentage of Capital expenditures that went to debt principle and interest payments. For a complete explanation of the types of debt the City can take out and what debt it has, see page 16.

CAPITAL PROJECT FUND DEBT BURDEN ANALYSIS



City of Canton

For the Year Ended December 31, 2016

MOTOR VEHICLE FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis)

Motor Vehicle Fund

	2012	2013	2014	2015	2016
Beginning Fund Balance	\$ 823,311	\$ 958,072	\$ 1,498,896	\$ 600,809	\$ 312,237
Revenue	2,159,692	2,332,643	2,301,923	2,216,814	2,125,037
Expenditures	<u>2,041,388</u>	<u>1,817,672</u>	<u>3,853,292</u>	<u>2,523,415</u>	<u>2,174,430</u>
Gain (Loss)	118,304	514,971	(1,551,369)	(306,601)	(49,393)
Other Financing	16,457	25,853	653,282	18,029	29,835
Ending Fund Balance	<u>\$ 958,072</u>	<u>\$ 1,498,896</u>	<u>\$ 600,809</u>	<u>\$ 312,237</u>	<u>\$ 292,679</u>

City of Canton

For the Year Ended December 31, 2016

SUMMARY OF DEBT TYPES

General Obligation Bonds – General Obligation Bonds are long-term debts which are repaid from the City's available resources and for which the City pledges its full faith and credit.

Loans – The City has the ability to take out low interest loans from entities like the State Infrastructure Bank and the Federal Housing and Urban Development Department for various projects in the City. The HUD, SIB, and Urban Redevelopment loans are three such loans. The HUD loan was used to build the Cornerstone Parking Deck, the SIB loan was for Market Avenue Streetscape, and the Redevelopment Loan was used to build the Millennium Parking deck.

OWDA & OPWC – OWDA and OPWC loans are low interest loans made to the City for Water and/or Sewer projects only by the Ohio Water Development Authority and Ohio Public Works Commission. Payments are due every six months.

Compensated Absences – The accumulated cost associated with authorized employee fringes, including accumulated sick time, unused compensatory time, unused perfect attendance days, banked vacation, and unused vacation. Sick time is calculated based on probability of payout consistent with the terms of retirement.

Capital Lease – The accumulated cost of purchasing an asset (equipment) utilizing timed payments over a period of time culminating with the City's eventual ownership of the asset.

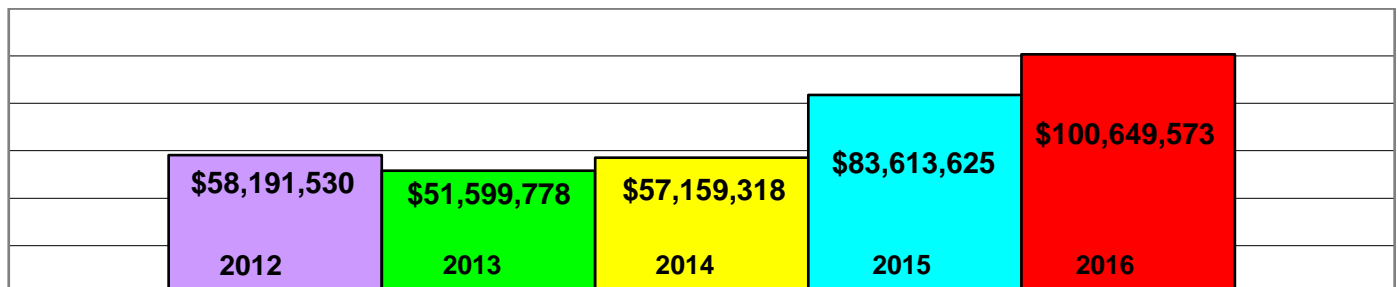
For the Year Ended December 31, 2016

DEBT ACTIVITIES

	Balance 12/31/15	Adds (Issued)	Deletes (Retired)	Balance 12/31/16	Due Within One Year
Governmental Activities					
General Obligation Bonds	4,142,229	-	2,077,229	2,065,000	1,015,000
OWDA Loan	42,934	-	2,361	40,573	2,439
SIB Loans	687,743	139,325	85,913	741,155	88,728
OPWC Loan	1,285,919	268,122	89,900	1,464,141	89,900
Compensated Absences	6,917,394	1,408,489	1,737,071	6,588,812	1,373,728
OPERS Liability	18,932,178	6,717,635		25,649,813	
OP&F Liability	51,207,977	12,632,469		63,840,446	
Capital Lease	397,251		137,618	259,633	142,284
Total Governmental Activities	83,613,625	21,166,040	4,130,092	100,649,573	2,712,079
Business-Type Activities					
OPWC Loan	1,416,827	930,691	98,049	2,249,469	173,049
OWDA Loan	73,609,169	13,516,310	2,488,756	84,636,723	2,565,257
General Obligation Bonds	772,770	-	772,770	-	-
OPERS Liability	9,792,219	5,972,063		15,764,282	
Compensated Absences	1,294,139	338,373	362,972	1,269,540	314,851
Total Business-Type Activities	86,885,124	20,757,437	3,722,547	103,920,014	3,053,157
Total Debt	170,498,749	41,923,477	7,852,639	204,569,587	5,765,236

For the Year Ended December 31, 2016

HISTORICAL TOTAL DEBT COMPARISON

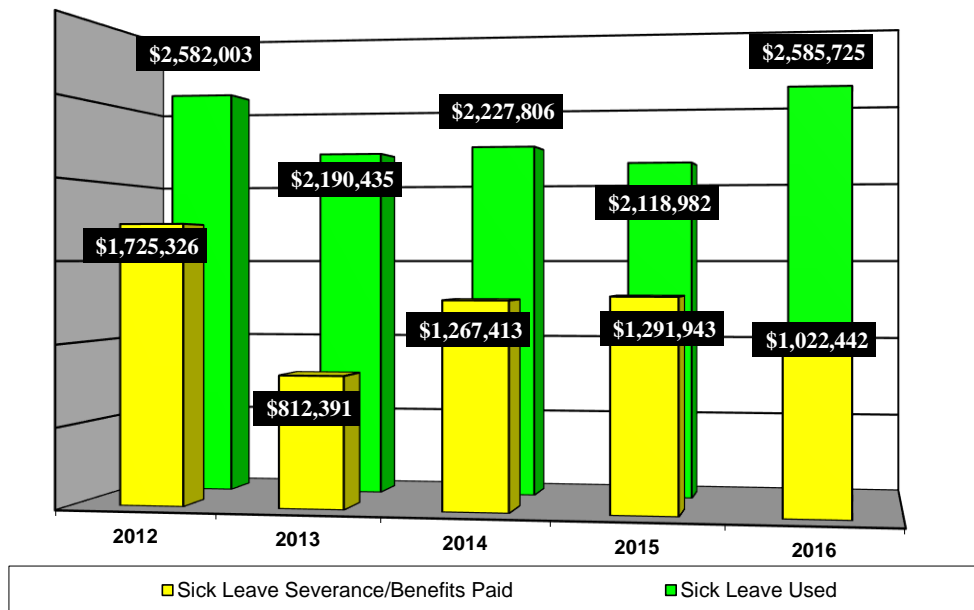


EMPLOYEE BENEFIT COST ANALYSIS

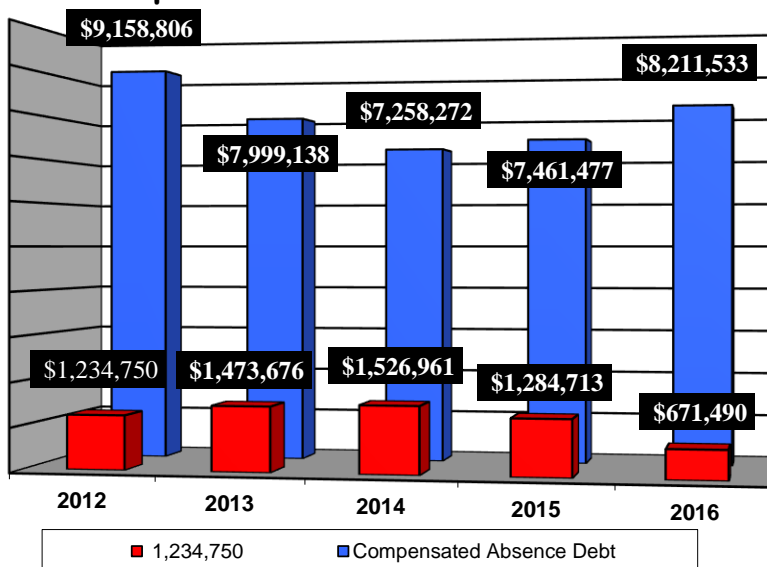
City of Canton

For the Year Ended December 31, 2016

Compensated Absences Costs



Unfunded Compensated Absence Debt



The above graphs illustrate the costs associated with sick time and unfunded compensated absence debt. The top graph illustrates how much the City of Canton has paid in sick leave used as time off work and compensated absences severance/benefits as defined on page 16. Also included in the compensated absence retirement payments is sick leave paid to employees that, per their contract, are allowed to begin cashing out sick leave when they enter their final five years of service. These employees can chose to have a portion of their sick leave paid to them each year of their final five years of service as opposed to receiving a single lump sum after retirement. The bottom graph demonstrated how much compensated absence debt the City has carried for the last five years and how much cash reserves are dedicated to paying for the expense. Prior to 2004, the City did not have any mechanism to set aside cash to pay for its large compensated absence debt. The City failed to fund additional contributions in 2010 and 2011 but made significant strides from 2012 thru 2015 by returning the premium to 125% of earned benefits and committing additional contributions of \$1,000,000 in 2012. However, for 2016, the City temporarily reduced the contribution rate to 105% but bumped it back up to 125% beginning 2017.



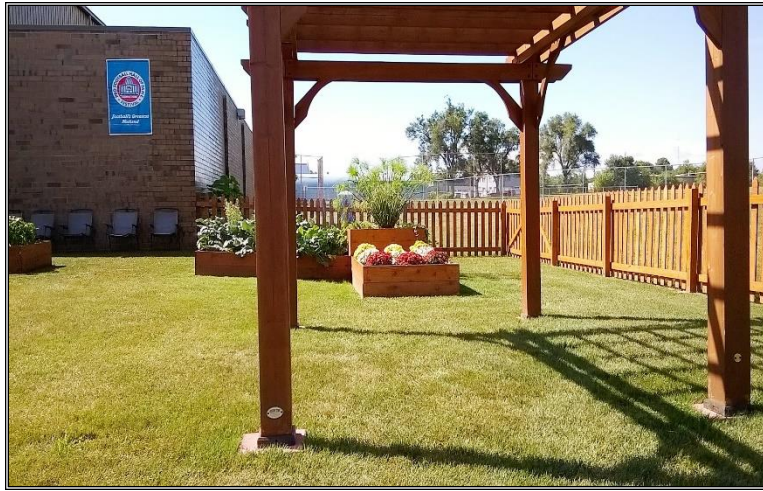
McKinley National Monument



Pro Football Hall of Fame



McKinley Presidential Library and Museum



**J. Babe Stearn Center community garden and outdoor community movie night.
Changing lives one child at a time. Assisted by the Canton City Park Levy.**

POPULAR ANNUAL FINANCIAL REPORT



CANTON, OHIO

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PRO FOOTBALL HALL OF FAME ENSHRINEMENT FESTIVAL